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UNCLAS SECTION 01 OF 08 TEL AVIV 000806

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM  
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA  
HQ USAF FOR XOX  
DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
USCINCCENT MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO FOR ICD  
LONDON ALSO FOR HKANONA AND POL  
PARIS ALSO FOR POL  
ROME FOR MFO

E.O. 12958: N/A  
TAGS: IS KMDR MEDIA REACTION REPORT  
SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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During the weekend, major media reported that President Bush urged the international community on Saturday to make clear to Hamas that it must recognize Israel's right to exist or else be denied aid. Maariv (Ben Caspit) reported tension between Washington and Jerusalem regarding relations with PA Chairman [President] Mahmoud Abbas. The newspaper cited the US belief that Abbas should be strengthened and the Hamas regime by-passed through Abbas. Maariv quoted Israeli diplomatic sources as saying that the gap between the positions of Israel and the US might lead to Israel's isolation. On Sunday, Yediot wrote that Israel would warn the US that US money could "drip" to Hamas and fund its terrorist activities. On Sunday, The Jerusalem Post reported that on Saturday, PA officials expressed deep satisfaction with what they said was a decision by the US and EU not to stop financial aid to the Palestinians. Israel Radio reported that on Saturday, the Quartet's Mideast envoy James Wolfensohn wrote a letter to members of the Quartet, saying that the PA is on the verge of economic collapse within two weeks, that the international community should send USD 60 to 80 million in financial aid as soon as next week, and that Israel should disburse its debt to the PA. Major news web sites also cited Wolfensohn's letter. Israel Radio reported that the EU foreign ministers have decided to transfer USD 142 million to the Palestinians to prevent the collapse of the PA. All media (lead story in Globes) reported that the Israel fuel company Dor Alon stopped fuel shipments to the PA. However, The Jerusalem Post quoted a senior PA official as denying reports in the Hebrew press suggesting that a check payable to the company was intentionally bounced in retaliation for Israel's decision to stop the transfer of tax revenues.

All media quoted FM Tzipi Livni (Kadima) as saying in an interview with Israel Radio on Sunday that PA Chairman [President] Mahmoud Abbas, who "cannot continue to be a fig leaf for a terrorist entity," is "irrelevant." The Jerusalem Post reported that Acting PM Ehud Olmert told A/S David Welch that there cannot be two Palestinian authorities, a "good one" that is represented by Abbas with which the international community wants to continue doing business, and a "bad one" represented by Hamas. However, Ha'aretz quoted Shimon Peres, who is number two on the party's list Knesset slate, as saying Sunday at a function in Miami that "Israel must continue to talk with Abu Mazen [Abbas].

On Sunday, leading media quoted Palestinian PM-designate Ismail Haniyeh as saying in an interview with The Washington Post/Newsweek that Hamas would recognize Israel if Israel agreed to "recognize a Palestinian state along the 1967 borders, release the prisoners and recognize the rights of the refugees to return to Israel." But Haniyeh was quoted as saying at a press

conference with Palestinian media in Gaza Sunday that he never discussed the question of recognizing Israel in the interview; saying only that if Israel fulfilled those three conditions, Hamas would consent to a long-term truce. Israel Radio quoted Khaled Mashal, the head of Hamas's political bureau as saying that he is prepared to talk with any international element. The radio said that Mashal's comments rule out Israel. In its lead story, Yediot reported that Iran has been briefing Hamas on "how to run a country." The newspaper reported that Iran is telling Hamas to hold on for six months until Israel and the West yield. Ambassador Henry A. Crumpton, the State Department's Coordinator for Counterterrorism, was quoted as saying in an interview with The Jerusalem Post that Iran wants the same control over Hamas that it has over Hizbullah, an organization that is nothing less than a "delivery system" for Iranian weapons.

On Sunday, Maariv quoted Defense Minister Shaul Mofaz as saying that the murderers of Israeli cabinet minister Rehavam Zeevi would not remain free for long. Mofaz was responding to a comment by Abbas that he is not ruling out releasing them from their Jericho jail. The media reported that Israel is applying pressure on PA institutions in Jericho. On Sunday, leading media reported that Sami Abdel Akilan, a member of the Palestinian national security forces who allegedly planned to launch terrorist attacks in the near future, was arrested by Israeli security sources on Saturday.

On Sunday, Ha'aretz reported that the Lebanese government publicly admitted recently, for the first time, that it had permitted the delivery of a convoy of arms from Syria to Hizbullah. The newspaper wrote that the UN responded by issuing a condemnation.

Major media (banners in Ha'aretz and The Jerusalem Post) reported that on Sunday, Iran and Russia reached an agreement in principle to set up a joint uranium enrichment facility on Russian soil, a deal that could assuage global concerns that Tehran wants to build atomic bombs.

Ha'aretz reported that Israel will institute a number of comprehensive changes to its defense export arrangements at the insistence of the United States, following the crisis over Israel's export of attack drones to China. According to the newspaper, the status of several central divisions in the Defense Ministry will be changed, including that of the head of security and the division for assistance and export. Ha'aretz wrote that a new division will be established in the Defense Ministry, and Foreign Ministry representatives will sit on a supreme advisory council for defense exports. The US administration has reportedly been informed of the expected changes.

On Sunday, Ha'aretz reported that AIPAC has decided that the 4,5000 participants in its annual policy conference, which begins next week, will be singing both Israel's national anthem "Hatikvah" and "The Star-Spangled Banner." Last year's decision to skip "Hatikvah" has been linked to the investigation at the time of senior AIPAC officials and a desire to avoid any suspicion of dual loyalties.

Major media reported that Brig. Gen. Aviv Kochavi decided to refrain from beginning classes at the Royal College of Defense Studies in the UK on the advice of the Military Advocate General, who expressed concerns that Kochavi would be arrested on war crime charges. Yediot -- and The Jerusalem Post on Sunday -- reported that Israel is trying to have suits against former Shin Bet Director Avi Dichter and former IDF Chief of Staff Moshe Ya'alon canceled in the US. Leading media reported that three weeks ago, an Israeli delegation attended a UN Environment Program conference in Dubai.

Ha'aretz printed a dispatch by the German press agency DPA that the Iranian media reported on Sunday that Iran is to hold an anti-Israeli conference in mid-April.

During the weekend, all media reported on Friday's attack against the Saudi oil processing facility of Abiqaiq -- the most important in the world.

Yediot reported that a group of Sderot residents has decided to sue the PA for 50 million shekels (around USD 10.6 million) over the firing of rockets at Israel.

The Jerusalem Post reported that Fatah's Al Aqsa Martyrs Brigades claimed responsibility for Saturday's murder of Kamel al-Izra, an Israeli Arab who lived in Yatta near Hebron, who was suspected of collaboration

with Israel.

On Sunday, Ha'aretz reported that several Jewish-American leaders predict the religious right's "campaign to baptize America" holds near-apocalyptic consequences.

All media front-paged a march of tens of thousands of people in Paris on Sunday in memory of Ilan Halimi, who was kidnapped, tortured, and killed in an attack that authorities say was partly motivated by anti-Semitism.

Yediot reported that the US and Russia might be heading for a diplomatic crisis.

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Mideast:  
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Summary:  
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Washington correspondent Orly Azolai wrote in mass-circulation, pluralist Yediot Aharonot: "The White House has been forced to transfer the funds, but will call them by a different name: not aid to the Palestinian Authority, but aid for humanitarian purposes."

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, commented in the lead editorial of mass-circulation, pluralist Yediot Aharonot: "[Israel] has paid very heftily for declarations by Arab leaders. It is therefore acting only on the ground."

Senior op-ed writer Akiva Eldar commented in left-leaning, independent Ha'aretz: "The Olmert government will soon have to decide if it prefers Hamas as a partner in perpetuating the conflict, or Abu Mazen as its final partner for peaceful resolution of it."

Chief Economic Editor Sever Plotker wrote in Yediot Aharonot's editorial: "Should Israel search for a formula for coexistence ... with Hamas ... or should it seek an immediate and crushing military confrontation ... ? [Israel's] large parties have been evading giving a direct response to this question."

The conservative, independent Jerusalem Post editorialized: "It is the Palestinians, not Israel, who are fundamentally opposed to the entire land-for-peace premise that underpins the peace process."

Nationalist, Orthodox Hatzofe editorialized: "There was no doubt that the US would continue to pour the funds as long as Abu Mazen heads the PA."

Block Quotes:  
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I. "Bush's Dilemma"

Washington correspondent Orly Azolai wrote in mass-circulation, pluralist Yediot Aharonot (February 27): "The US administration headed by Bush warned before the elections that aid would not be transferred to the PA were Hamas to head the government. This was a legitimate threat, as part of an effort to influence the outcome of the elections, but after the outcome became known this became a trap: if the administration halts the aid, it will be a punishment for the entire Palestinian people, which is bowed under the weight of occupation in any case. If it transfers the aid, it will look like it has gone back on its word. The result is that the White House has been forced to transfer the funds, but will call them by a different name: not aid to the Palestinian Authority, but aid for humanitarian purposes. The administration transfers the funds just as it did in the past, but now it is accompanying the transfer with a public call for Hamas to change its ways. In a speech delivered in Washington on Friday, President Bush said that the world was waiting for Hamas's decision. He called upon the international community to make it clear to Hamas that elected leaders cannot put one foot in the democratic camp and the other in the terrorist camp. But Bush's money is neither a weapon against Hamas nor is it a threat or a whip. Even before Hamas had a chance to react to Bush's calls, an administration representative already announced that the money would continue to flow. The White House hopes that the message will nevertheless filter down to Hamas. This time they have decided to give the carrot and wait with the stick."

II. "'Kalam Fadi' (Empty Words)"

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, commented in the lead editorial of mass-circulation, pluralist *Yediot Aharonot* (February 27): "After the Hamas leaders recovered from the shock of their victory, they are trying to soothe the jumpy world. Even the most extreme leaders of that terrorist organization understand that the US and Israel are holding the Palestinians in a most sensitive spot.... [Palestinian PM-designate] Ismail Haniyeh should learn the first lesson in relations with Israel, if he hasn't done so already: this state has paid very heftily for declarations by Arab leaders. It is therefore acting only on the ground. All the rest are 'kalam fadi' (Arabic: empty words)"

### III. "Choosing Between Abbas and Hamas"

Senior op-ed writer Akiva Eldar commented in left-leaning, independent *Ha'aretz* (February 27): "Judging by past results, Abu Mazen has failed to meet expectations when it came to imposing his authority on the security forces and ensuring proper administration of the public services. But it is hard to say who is more to blame for these failures: Abu Mazen, who proved unable to fill Arafat's shoes or mend his ways, or Ariel Sharon, for his decision to get rid of the PA and to resort to unilateral steps. In any case, the Olmert government will soon have to decide if it prefers Hamas as a partner in perpetuating the conflict, or Abu Mazen as its final partner for peaceful resolution of it."

### IV. "Elections in the Shadow of the Volcano"

Chief Economic Editor Sever Plotker wrote in *Yediot Aharonot*'s editorial (February 26): "The Palestinian vote connects with chilling phenomena taking place in the Arab world, the resonant echoes of which penetrate every household in Israel.... It is natural that in the face of such deep tremors, the voters are looking for statesmen that will be able to lead Israel in the coming years, which may prove to be among the most fateful we have known. Complex fundamental questions arise, knocking on the doors of our consciousness. Here is one main question: Should Israel search for a formula for coexistence ('hudna') with Hamas and agree to a prolonged truce with it, or should it seek an immediate and crushing military confrontation, before it succeeds in taking over the Palestinian Authority's branches of government? The large parties have been evading giving a direct response to this question and its like, and content themselves with a stammered and noncommittal response, either in the hawkish direction ('Netanyahu is strong against Hamas') or in the dovish direction ('We will fight terror, we will beat poverty'). The propagandists and PR executives are still hoping to put the voters to sleep and dull their vigilance. This may not be possible, because this is not an awakening from a bad dream but rather awakening to a bad reality.... The political map that is ultimately drawn after the elections in March 2006 may, therefore, be quite different from the map that emerged from public opinion polls from January 2006."

### V. "Hamas Immoderation"

The conservative, independent *Jerusalem Post* editorialized (February 27): "Everyone knew it was coming; Hamas, following its surprise victory, would attempt to appear moderate in order to retain the flow of Western financial assistance. If there is a surprise now, it is that Hamas's nod toward moderation is so imperceptible that it barely qualifies as a 'charm offensive'.... The harsh truth is that the Palestinians have elected leaders who do not believe in the two-state solution, except to the degree such a 'solution' can be used to advance Israel's destruction. This not only means that the facade of compliance with the Quartet's Roadmap held up by Yasser Arafat and then Mahmoud Abbas has been removed, but that it is the Palestinians, not Israel, who are fundamentally opposed to the entire land-for-peace premise that underpins the peace process.... What remains is for the international community to finally follow its own declarations and hold the Palestinian leadership accountable for its actions, denying it funding if it does not comply -- rather than searching for or creating another fig leaf for Palestinian rejectionism."

### VI. "Abbas Has Taken the US Captive"

Nationalist, Orthodox *Hatzofe* editorialized (February 27): "Assistant U.S. Secretary of State David Welch promised Abu Mazen and other senior officials in the Palestinian Authority that his country would not stop

the aid to the Palestinians, but only the way it transfers the money. According to Welch, the money will be transferred via voluntary bodies. There was no doubt that the US would continue to pour the funds as long as Abu Mazen heads the PA.... Egypt and Hamas are waiting with a stopwatch until the George Bush era passes, to be replaced with an Israel-hating Democrat. In any case, a State Department hostile to Israel would be reborn. [In any case], Israel will surrender to every US dictate. This is because utter blindness has seized all large [Israeli] parties, which can't see how Israel is taking its own life. Egypt is training on the Israeli model during all its serious military maneuvers. The quantity of weapons in its possession ... is ready for the moment Israel can be caught in its weakness. Abu Mazen is the architect of this plan."

JONES